Employee benefits packages represent an invaluable bargaining chip for employers, whether hiring, combating turnover or increasing engagement among workers. But these benefits don’t come without their costs, and not just to the employees they cover. According to the U.S. Department of Labor Bureau of Labor Statistics, businesses pay an average of nearly $10.70 per hour to keep benefits compensation alone afloat.

While this may seem like a drop in the bucket to major corporations, small to mid-sized businesses may feel the cost crunch. Utilizing the latest innovations in human capital management or payroll management software will certainly help, but platforms that can support carrier feeds offer a whole new level of control for SMBs and their human resources professionals.

**WHAT ARE CARRIER FEEDS?**

Carrier feeds are third-party applications designed to work in tandem with human capital management and payroll solutions to automate integral elements of employee benefits enrollment.

While insurance providers won’t all have the same forms to fill out, the information they request from employers and their staffs is essentially identical. Once human resource professionals select a carrier feed option, they integrate the service with employee self-service portals where workers complete personal information and select their benefit plans.

Carrier feeds then aggregate the different raw data and populate fields with the appropriate values across all insurance providers - be they healthcare, vision, dental, etc. - including any information typically managed by HR, like tax identification and other data pertaining to the business at large.

As simple and straightforward as carrier feeds may appear, they offer a wealth of value to SMBs:
REduced enrollment workload

When HR partners with a third-party carrier feed, the department delegates a significant portion of its most labor-intensive work to an outside body. From an administrative perspective, the benefits are easy to understand. Enrollment data bypasses HR entirely, traveling from the employee to the third party with minimal setup at the onset.

By coordinating with the carrier feed provider, HR can reduce time spent on preparation for open enrollment by simplifying the process. Instead of navigating packets of paperwork - including many fields which require an on-site HR professional’s instruction - workers fill out the information pertaining to them and their families online using a benefit enrollment portal. According to research from the International Foundation of Insurance Benefit Plans, almost 40 percent of HR budgets dedicate part of their budget to the communication of benefits packages to their employees.

Regulatory changes covered by partner, not in-house staff

HR and payroll managers, even with their seemingly infinite knowledge of the nuances in your company’s compensation programs, may not notice every single shift in employee benefits law. When employers neglect regulatory changes, they could put themselves at risk for violations. Noncompliance is not cheap.

For instance, did your HR department know updates to the Employee Retirement Income Security Act of 1974 made in July 2016 increase Form 5500 filing failure penalties from $1,100 daily to more than $2,000 per day? Although this represents a significant and costly shift in regulations, smaller modifications to administrative costs and information needs can also derail enrollment past the point of no return.

But even if HR staff recognized every slight alteration as it came down the pipe, the organization they represent would assume the labor costs associated with scouting for changes continuously and implementing each change as it arises. Neither example offers a consummate advantage.

Instead, by partnering with third-party carrier feed providers, businesses avoid having to handle all the small details regarding the capture and integration of employee benefit plan changes. Updates are applied directly to the HCM management software and will be reflected in the self-service portals used by employees to oversee compensation. Carrier feeds allow small to mid-sized business HR teams to strategize and leave the benefits minutia to the experts. Perhaps more importantly, by teaming up with a carrier feed provider, employers can remain vigilant over regulatory adjustments without footing the bill for labor costs.
Carrier feeds and the ACA implications

Further expanding on benefits regulation, the Patient Protection and Affordable Care Act has rewritten how employers manage employee health care. In fact, because much of the watershed statute revolves around actions that must be taken once businesses reach a certain size, it could be argued the ACA altered the way organizations function at a cellular level. Whenever a business expands its workforce, even slightly, it may at any of those points require a considerable variation to its HR and payroll management schema if it wishes to remain compliant.

Carrier feeds thus give the companies that utilize it a degree of flexibility as they metamorphose between the different sizes and stages as outlined in the ACA at their discretion. By complementing advanced HR and payroll management solutions already in place, third-party carrier feed providers detract from the growing pains associated with maintaining ACA compliance throughout a business’s lifecycle. With carrier feed providers at the ready, employers can hire confidently with lessened worry their recruitment initiatives will ultimately result in more work for their HR teams and greater scrutiny over regulatory alignment.

The role of human resources to the modern business is undergoing a profound upheaval. Fewer organizations treat HR and payroll as reactive and administrative, and more see the benefit in granting the departments a higher vantage point and more considerable bearing in the direction of the company at large. Advanced HR and payroll management solutions coupled with carrier feeds help automate traditionally labor-intensive work while further reducing HR workload, adhering to regulations and enriching employee engagement.

Sources:
- Client Interview